

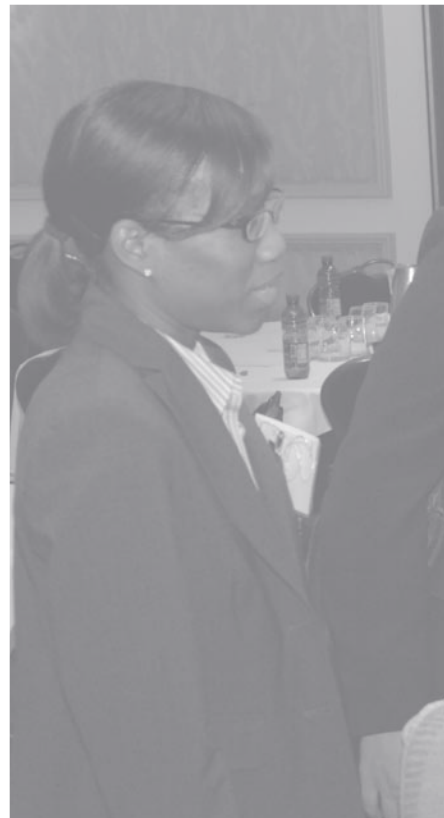


Assessment to Action: Creating Change

*A Report on a Gathering of Foundation CEOs,
Trustees, and Senior Executives
March 8 – 9, 2007, Chicago*



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Dear Colleagues,

We are pleased to share with you this report on a remarkable gathering of foundation leaders held in Chicago in March 2007. More than 225 foundation CEOs, trustees, and senior executives gathered to consider how to move from assessment to action – creating change within their foundations and, ultimately, in communities and the world.

The pages that follow distill the key insights from this conference. They span a wide range of important issues: the role of strategy and performance assessment, board functioning and the dynamics of race in the boardroom, and the challenge of inspiring – and leading – change. We hope you will find here practical wisdom on these topics as well as action steps that can help you in your work.

We are grateful to the foundations that supported our conference, listed on the previous page, and to the many individuals who contributed to its success. Thanks also to the Donors Forum of Chicago for co-sponsoring this event.

CEP is proud to be part of a movement toward a greater focus on foundation effectiveness and impact. We believe that foundations have achieved much good, but also that they have the potential to do much more – and we're committed to doing all we can to help that to happen.

Please share with us your reactions to what you read here. We look forward to hearing from you.

Yours sincerely,

Phil Buchanan
President

Phil Giudice
Chair, Board of Directors



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FOUNDATION STRATEGY:

The Challenge of Maintaining Focus

Although foundations are uniquely positioned to set audacious goals for themselves, maintaining the focus required to achieve these goals is a difficult challenge. The leaders of two foundations that concentrate on health issues – the Robert Wood Johnson Foundation (RWJF) and Flinn Foundation – find that measurable goals, a strategy, and the right data are critical tools in helping them keep their eyes on the prize.

While both foundations use strategy to define their activities more sharply and rely on data to make decisions and measure outcomes, they take very different strategic approaches. RWJF is a national foundation that focuses on a broad spectrum of health and health care issues, and Flinn concentrates on building Arizona's bioscience economy.

MAINTAINING FOCUS AT RWJF

President and CEO of RWJF Risa Lavizzo-Mourey is no stranger to lofty goals. RWJF has been a key player in supporting the creation and spread of today's modern emergency medical system (9-1-1), building the field of end-of-life care, and reducing tobacco use. The Foundation recently announced another major goal – to reverse the epidemic of childhood obesity by 2015. Moving the needle on such bold objectives demands a disciplined approach and a method for measuring progress along the way.

Lavizzo-Mourey said she took the helm at RWJF at a time when "we were being pushed by our board to have more impact and to describe the results of our investments better." There was also financial motivation: A drop in its assets meant that RWJF needed to find ways to maintain, or even increase, its level of impact with more limited resources.



Risa Lavizzo-Mourey, Robert Wood Johnson Foundation; Phil Buchanan, The Center for Effective Philanthropy; John W. Murphy, Flinn Foundation

Moving the needle on such bold objectives demands a disciplined approach and a method for measuring progress along the way.



To help meet that goal, Lavizzo-Mourey and her team began collecting information. A tool she found particularly useful were “one-minute essays” written by key stakeholders. “While they took much longer than one minute to write,” she said, “these essays gave us a lot of input about what people in the field were thinking.” One message from grantees was the need for clearer communications and a more tightly focused strategy.

To help address this issue, RWJF leadership added new components to their scorecard — a tool they had been using to track their performance since 1993. The scorecard helps the Foundation define short-, medium-, and long-term objectives and measures so it can regularly assess its progress against larger goals.

A focused strategy enabled RWJF to mobilize a fragmented field in the historic fight against tobacco use. The collective effort has reduced the number of cigarette smokers in the U.S. by more than 50 percent over a generation.

While RWJF played a significant role in driving the sea change in the country’s rules related to smoking, measuring its individual impact was difficult but essential to ensuring its strategy was effective. “Be disciplined about looking at where your strategy works and where it doesn’t,” advised Lavizzo-Mourey. “You may not be able to prove that your actions drove the change, but you can be reasonably sure that collectively the strategy was an important one and that you pushed toward more transformative change.”

“Be disciplined about looking at where your strategy works and where it doesn’t. You may not be able to prove that your actions drove the change, but you can be reasonably sure that collectively the strategy was an important one and that you pushed toward more transformative change.”

CHANGES AT FLINN FOUNDATION

When John W. Murphy arrived at the Flinn Foundation in 1981, it was the largest foundation in Arizona even though its assets were relatively modest. Back then it had a broad goal to “improve the quality of life in Arizona.”

A recent emergence of new foundations in the state with greater wealth than Flinn motivated its board to revisit and refresh the Foundation’s direction. For starters, Flinn’s leadership began to think more broadly about the Foundation’s potential role within the health care sector. They compiled facts and figures that helped them evaluate the impact of prior grant programs and assess future trends in the field. They also looked at data about the state’s biomedical infrastructure, assessing its current situation and future potential. “We focused on external measures of institutions that were in the forefront in medical science and education to see what Flinn could do as a lever to facilitate them in getting where they wanted to be,” Murphy said.

After assessing three different scenarios, the Board adopted a strategy that aims to position the Foundation as a major force in making Arizona a thriving bioscience economy within the next decade. Flinn has taken the lead in identifying priorities and shepherding major initiatives to strengthen the state’s biomedical infrastructure. Partnering with other primary players in higher education, research institutions, and government and corporate leaders in the community is an important part of that strategy.

Flinn is able to assess its progress toward its goal using an array of measures. “One measure was to be among the top ten states in terms of the rate of growth in NIH grants, which is the research gold standard. In four years, we have surpassed the top ten states on that measure,” Murphy said, while cautioning that Arizona still has a long way to go when compared with other bioscience economies, such as Boston and San Diego.



DECIDING WHAT NOT TO FUND

Part of maintaining a strategic approach is having the willingness to discontinue programs that no longer support it. Murphy said that Flinn “closed the door gently” on former grantees by honoring all commitments and, in some instances, providing concluding grants to programs that didn’t fit with its new strategy. Flinn also reduced its program staff and bolstered its communications team.

Lavizzo-Mourey recommended setting timelines. “Be clear about a strategy having a beginning, middle, and ultimate outcome,” she said. RWJF adopted a “roots and wings” approach to give grantees a firm foundation and the ability to sustain key results over time. “To that end, we do more funding of business plans and matching grants and more technical assistance focused on sustainability, in addition to the technical assistance needed to launch a program,” she explained.

“Foundations have the vision, assets, and ability to stay with something for a long time. Not a lot of other organizations can do that.”

DEFINING THE ENDGAME

"Should foundations be defining outcomes?" moderator and CEP President Phil Buchanan asked. Murphy suggested that while foundations shouldn't dictate, they can create an environment that will move things forward. "For example, we've identified a bioscience roadmap that involves research investigators and decision makers in various institutions in an ongoing dialogue. We encourage collaboration – that's been our theme throughout."

Foundations are in a great position to drive ambitious, collective visions, Lavizzo-Mourey added. Citing her foundation's goal to reverse childhood obesity, she noted, "It is a difficult goal for individual organizations, our grantees, or others to achieve on their own, but as a group we can set out that kind of broad objective. It must be a collaborative effort. Foundations have the vision, assets, and ability to stay with something for a long time. Not a lot of other organizations can do that."

CEP STRATEGY RESEARCH

CEP Vice President Kevin Bolduc presented findings from CEP's most recent research effort on foundation strategy. "The decision makers we talked with believe that strategy provides significant benefits to private foundations," he reported. "But believing that it's a good thing for foundations generally to have and use strategy is not at all the same thing as your foundation actually having and using strategy. The majority of frameworks that respondents describe don't meet our very basic definition of strategy." Bolduc then described four categories of decision makers – ranging from nonstrategic to strategic – revealed by the research.

A full report on CEP's strategy findings will be available in summer 2007.





FOUNDATION EFFECTIVENESS:

The Promise and the Pitfalls

How can foundations reap the benefits of being more focused without tying their own hands? Jonathan F. Fanton, president of the John D. and Catherine T. MacArthur Foundation, suggested an approach that tempers strict strategic focus with flexibility and a bit of old-fashioned common sense. “I believe one great asset of philanthropy – like higher education – is pluralism. We should celebrate our differences and not seek a single model of effectiveness that erodes them. I believe in metrics, but only as a tool for making informed decisions. They are no substitute for experienced judgment or good instincts. I believe in measurable goals, but not everything can be measured. We should guard against creating incentives for short-term wins at the expense of speculative risks on longer term, complex issues,” he asserted.

That said, Fanton described how MacArthur has created a more chiseled strategy with specific ways to measure the impact of its various programs. For starters, MacArthur’s leadership sifted through programs falling under its general categories, including human rights, population, housing, and education, and winnowed out less relevant programs. According to Fanton, “In our conservation program, we singled out eight biodiversity hotspots to preserve. In housing, we selected three elements: public housing transformation in Chicago, a national initiative to preserve affordable rental housing, and research on why housing matters. Our exploration found 60 such elements across the Foundation, now reduced to 34.”

Next, MacArthur staff conferred with grantees and experts in the field to create strategies for each program element. These specified the problem; the economic, political, cultural, and policy context; the factors that could promote or impede change; the prin-

cipal market, government, and philanthropic actors; the Foundation’s goals (quantifiable when possible) and how to assess them; and the mix of grantees required to achieve the desired outcomes. “We took care to identify research needs, policy changes, institutional capacity building, public awareness campaigns, and coalitions in each plan,” Fanton elaborated.

The plans enabled the Foundation to bring into sharper relief – and more easily articulate – the goals for each element of its work. “[We can] show you on a map how many areas of land or seascape we seek to preserve in Madagascar (3.8 million acres) or Ecuador and Colombia (10 million acres); specify reductions in maternal mortality in Mexico (35% in Chiapas by 2012), or cuts in pre-trial detentions in Nigeria (40% by 2009); we can also show you on a map of the U.S. precisely where we aim to preserve affordable rental housing or reduce disparities in the juvenile justice system,” Fanton explained.

The work plans, which are continuously refreshed, enable MacArthur to assess its progress every year, element by element, Fanton

“I believe in metrics, but only as a tool for making informed decisions. They are no substitute for experienced judgment or good instincts.”



Jonathan F. Fanton, The John D. and Catherine T. MacArthur Foundation

said. Each program head submits a short report comparing cumulative and annual progress to the goals articulated in the work plans. Every element of work is rated on a three-point scale, indicating whether it exceeds, meets, or falls below expectations. When a program falls below expectations, there is a discussion about how it can be put back on course. "These conversations take place just before the annual budget cycle," Fanton noted. "So we can consider investing more to remedy a shortfall or accelerate a high-achieving area that has a window of opportunity to do more."

MacArthur also regularly reviews each element of work to determine whether the value added is accelerating or eroding. "We see this as a continuous process that will help the trustees make judgments about leaving fields and replacing them with new ones where we have the prospect of making a bigger difference," Fanton said.

MacArthur balances out its more formal work plans by providing vice presidents and area directors with discretionary authority outside approved strategies. Fanton has his own

unallocated fund "that encourages linkages across program areas, essential to taking full advantage of the breadth of a foundation like MacArthur."

"We also have a general program explicitly for proposals that do not fit anywhere else," he said. "And the trustees have a committee actively searching for new ideas, patterns, trends, and problems over the horizon, perhaps those only dimly perceived." In addition, the Foundation has set aside monies for ideas such as a new initiative linking neuroscience and the law and a research network on the aging society.

While Fanton noted that nonstrategic approaches can work, he believes strategy has been a plus for MacArthur's activities. "I have no doubt that the quality of our grantmaking, the internal consensus about objectives, the character of our interaction with grantees, the impact of our work, and the public's appreciation of that work have all improved as we crafted clear and transparent strategies." But whether a foundation decides to have a strategy or not, "Our choices should be informed, rational, and easily explained to the public," he concluded.

FIVE BENEFITS TO HAVING A CLEAR STRATEGY

The arguments for having a clear strategy go beyond aiding foundations' ability to judge impact. Fanton suggested five additional reasons for developing a well-defined strategy:

- *A clear strategy builds internal understanding of a program's goals between board and staff and between foundation leadership and program officers. It enables program officers to give grant applicants an early and reliable signal about whether a grant proposal within a strategy is likely to be approved.*
- *A clear strategy will make the grant process more transparent to the public and can increase the fact and the perception that the process is fair and based on merit, not on personal connections.*
- *A clear statement of goals can build consensus among grantees who can now locate their work in a context and perhaps find new partners. They will see connections we do not as they begin to think of themselves as a field.*
- *Measurable goals are good for the institutional and individual psychological health of a foundation and staff. It is hard to work in a world of high expectations and never objectively know how well you are doing.*
- *The strategy can get better as it is critiqued, and it can stimulate partnerships with other donors. It encourages analytical reviews and mid-course corrections.*

RADICAL CHANGE:

Two Foundations' Stories

Large-scale transformation is difficult for most organizations, especially foundations, which rarely face any sort of burning platform for change. But even without the external pressures most organizations encounter, more foundations are pushing themselves to achieve the most impact possible with their charitable dollars by exploring new models or redefining and clarifying priorities.

Two examples of extreme foundation change occurred at The Atlantic Philanthropies and Silicon Valley Community Foundation. Atlantic Philanthropies has chosen to spend itself out of existence by 2020 in an attempt to achieve superior social returns. Silicon Valley Community Foundation, on the other hand, created a brand new entity through the merger of the Peninsula Community Foundation (PCF) and the Community Foundation of Silicon Valley (CFSV). With help from session moderator Barbara Kibbe, a senior consultant at Monitor Institute, Atlantic's John R. Healy and Silicon Valley Community Foundation's Gregory M. Avis shared two very different stories of transformation.

SPENDING DOWN THE ENDOWMENT

"Deciding that your life is limited to less than two decades really concentrates the mind," Healy noted. "It instills in the organization and everyone who works there a tremendous sense of urgency." For Atlantic, the year 2001 marked the beginning of a new era. Not only did John Healy become the Foundation's chief executive officer and president, it was also when Atlantic's board agreed that significant changes were required. "Atlantic was making good grants, but they were not adding up in the aggregate as they should have," Healy recalled. In addition, Atlantic was about to lose its anonymity — thus exposing itself to greater scrutiny. Those factors, when combined with the donor's belief in giving while living, sharply highlighted the need for clearer focus.

The Board's agreement in 2002 to spend down the Foundation's assets by 2020 was not only based on the donor's wishes, said Healy, but also on the trustees' belief that this approach works to create better social returns.



Barbara Kibbe, Monitor Institute; Gregory M. Avis, Silicon Valley Community Foundation; John R. Healy, The Atlantic Philanthropies

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With a vision to seek measurable lasting impact and a conviction that “foundations should have a point of view, and their grantmaking should reflect that,” Healy mapped out a strategy that went deep rather than broad. That meant reducing the number of program fields from fourteen to four. “Our goal was to make bigger bets on fewer grantees,” Healy said. “We re-organized staff around our vision and programs and moved from being an organization whose structure had a prime logic of geography to one with a prime logic of program. Spread as we were across seven or eight countries and four continents, that was a big shift.”

With a new CEO having taken the helm in April 2007, Atlantic will continue to execute and refine its program strategies while implementing more data collection and leveraging what it has learned throughout its lifetime. “There are organizations on the West Coast who do things that are unknown to their cohorts on the East Coast. Compiling hard data and disseminating results is an important way for a foundation to leave a legacy,” Healy noted. To that end, Atlantic has created strategic evaluation and learning units to help measure the Foundation’s impact and distill and share best practices.

MERGING TWO SEPARATE ENTITIES INTO ONE

While Atlantic moves toward the end of its life, Silicon Valley Community Foundation is just getting started. Like any deal, the merger of PCF and CFSV was in the works for quite some time. While PCF was known for its innovation in grantmaking, CFSV was known for its spectacular growth in assets from corporate fundraising, said Avis, board chair of Silicon Valley Community Foundation and managing partner of Summit Partners. Operating in the South Bay area of California for 40 and 50 years respectively, the two had a history of collaboration. At the same time, Avis said, they were also competing for the same donors or “customer base.”

But in the spring of 2006, several internal factors helped push the merger forward. “There was either a current or imminent change in leadership for both foundations, both were also starting to feel the pain of scale and were suffering under the weight of lagging investments in infrastructure and staffing,” noted Avis. Furthermore, both were in need of a culture tweak: CFSV was a freewheeling, entrepreneurial culture and PCF had a very well-oiled structure, Avis explained. “CFSV needed either a new leader to usher it into adulthood or some kind of change, while PCF could benefit from CFSV’s entrepreneurial spirit,” he said.

External factors also conspired to help create the merger. First, both organizations faced increasing competition for donors once for-profit financial institutions like Schwab and Fidelity began to offer charitable giving services. Second, the great wealth created in the area was about to go through a generational transfer, sparking major competition for those monies. Third, “There was a vacuum of leadership for social change within our region,” Avis said. “No organization existed that could step in and lead a big initiative.” Finally, both foundations were also grappling with problems that transcend county boundaries like housing and health care. Joining forces would present opportunities to collaborate and achieve better results.

And then, too, important funding was offered. “Five very generous foundations in our neighborhood offered to fund the \$3.5 million needed for the merger. The money helped pay for things like studies, our new headquarters, the integration of IT, and media and communications,” Avis said.

Avis noted that, while crucial, those factors alone did not seal the deal. Three additional dynamics finalized the January 1, 2007, merger. “Both boards connected and shared that Silicon Valley entrepreneurial spirit and energy. We had a very good process, led by McKinsey & Company. And finally, the vision of creating a beacon in the region – a center of philanthropy – kept us going during those late-night sessions,” he said.

While there has been some pain – not everyone was hired in the new organization and some unfamiliar faces are now on board – the Silicon Valley Community Foundation can already boast two tangible results, Avis said. One is demonstrated donor confidence – an extra \$200 million in gifts were received in early 2007 and all previous donors have stayed on board. The other is a march – spearheaded by the Foundation to bring attention to a rash of gang violence in East Palo Alto – which Avis called an example of true leadership that could not have happened before. “It feels like spring training,” he quipped. “We have a couple of good arms, a couple of good bats, a few holes to fill, but hope springs eternal – as it does in all spring trainings.”

EVERYDAY LESSONS FROM RADICAL CHANGE

While “radical change” is not for every foundation, broader lessons can be drawn from these two stories. “In a foundation not planning to pay down, is there a way for the CEO to engineer that focus?” asked moderator Barbara Kibbe. According to John Healy, there is. “You engage in a very fundamental review of all program areas. Every eight to fifteen years put everything up for grabs so that everyone has to justify their program,” he advised.

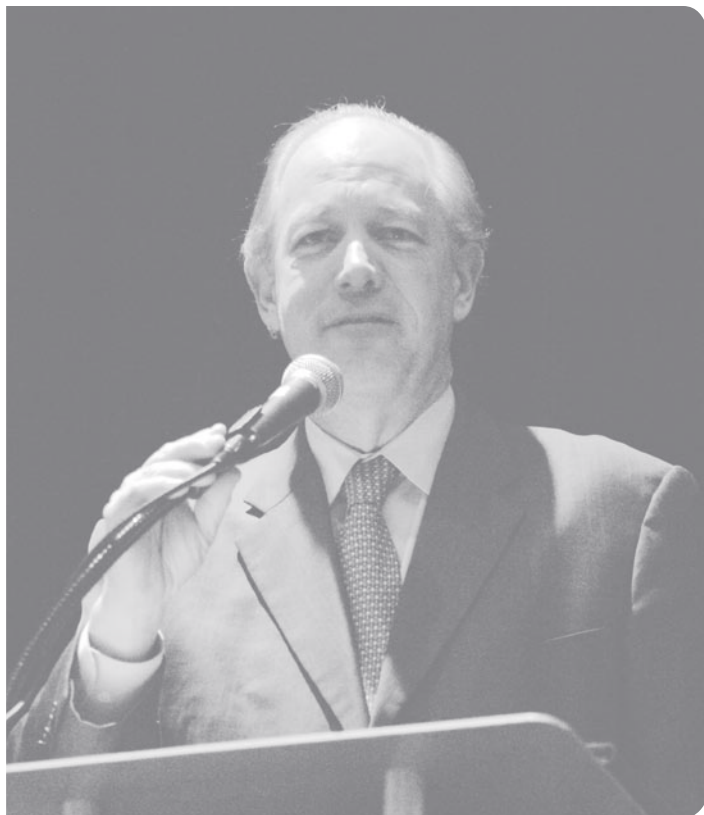
Healy also had some advice about handling staff during wrenching change. “It is impossible to communicate too much,” he said. “You have to both shape and articulate a very compelling picture of the future. Remind people that once you reach dry land, it will be wonderful.”

Kibbe also had a question for Avis: “If most mergers fail, what differentiates this one?” He responded, “In most mergers, one management team survives and the other one goes away. It never would have worked if we had the perspective of one side winning over the other. In this instance, we parachuted in a new leader, Emmett Carson. Emmett is doing a good job of creating a ‘we.’”

BILL SHORE

Creating impact requires sustained commitment. “The only thing that goes a long way is a lot – a lot of time, talent, and treasure,” noted dinner speaker Bill Shore, founder and executive director of Share Our Strength, chairman of Community Wealth Ventures, Inc., and the author of three books.

Drawing on his more than 20 years of leveraging people’s passions and skills to create impact, Shore encouraged conference participants to galvanize their own commitment by leaving their desks to observe, firsthand, conditions they want to change. “Bearing witness is such a democratic act. Once you do it, you are complicit. You can’t go somewhere and see something that is unjust, wrong, or unethical and not do something about it. Your voice, your heart, your feelings can really change the world.”



USING DATA TO ASSESS FOUNDATION EFFECTIVENESS

Foundations are not afraid to take on some of the world's most daunting problems. Unfortunately, the task of measuring progress in tackling those problems is equally daunting. While assessing overall foundation performance is notoriously difficult, foundation leaders continue to strive for measurement tools to help gauge their progress.

James R. Knickman, CEO of the New York State Health Foundation (NYSHF) and Edward Pauly, director of research and evaluation at the Wallace Foundation, have both used performance scorecards — an assessment system that tracks foundation performance by defining goals, initiatives to support those goals, targeted outcomes, and measures. With input from session moderator Fay Twersky, director of impact planning and improvement at the Bill & Melinda Gates Foundation, Knickman and Pauly described several key benefits of developing scorecards: a more accurate read on their foundations' progress; a basis for learning that fuels important discussions and focused improvement efforts; and new insights about how foundations can measure performance.

"Teams that can articulate their strategies perform better in the long term."

ROBERT WOOD JOHNSON

FOUNDATION: *an early scorecard user*

"Teams that can articulate their strategies perform better in the long term," argued Knickman, who first implemented a scorecard approach while he was vice president for research and evaluation at the Robert Wood Johnson Foundation (RWJF). At that time, RWJF was becoming increasingly strategic in its grantmaking and was seeking more thoughtful data-collection efforts to help the Foundation better understand its progress toward its impact goals.

While it had already been evaluating the performance of individual grants, RWJF wanted a way to assess the performance of its different teams as they tackled issues such as end-of-life care, public health, and reduction of tobacco use. The first step was for each team to develop and clarify the outcomes they were working toward and define indicators and targets of success.



Edward Pauly, The Wallace Foundation

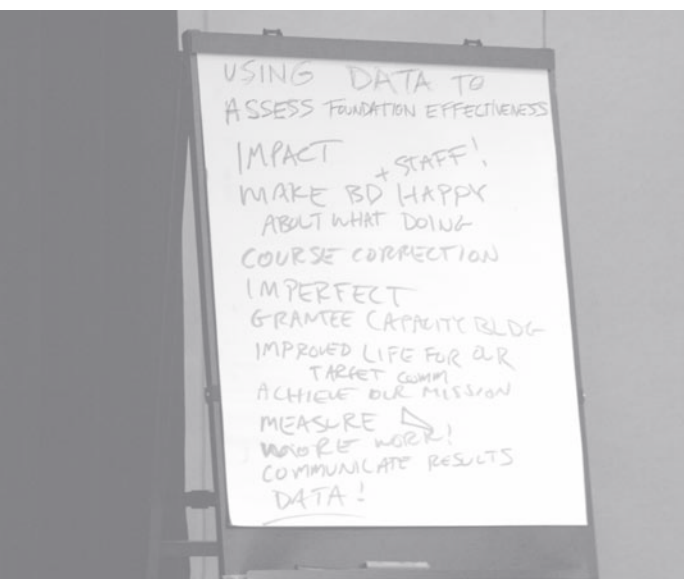
According to Knickman, whose division was in charge of helping the teams develop their targets and metrics, this process required that they grapple with, develop, and articulate their strategies. Once the teams described their ultimate objectives, they worked backward to develop a set of indicators for the short (the following 12 months), medium, (13-36 months), and long term (36+ months).

For example, to measure the tobacco team's progress in reducing tobacco use, the Foundation tracked, among other data, the number of states that passed indoor air legislation and the average combined federal and state excise taxes on cigarettes (the higher the tax, the more prohibitive to smokers). They hypothesized that if these progress measures moved in the right direction, they were helping reduce the rate of tobacco use – the Foundation's overall goal.

With performance articulated at the team level, RWJF then turned to its organizational performance. To assess where it was as an

organization, foundation leaders developed a scorecard with four axes relating to different aspects of the Foundation's work: program development, program impact, customer service, and financial and human capital. Data sources ranged from surveys that gather staff members' views on the Foundation's tolerance of risk to team-level indicators and metrics such as turnaround time for processing grant applications and how external decision makers rate the Foundation's contribution to health and health care.

More recently, Knickman has put his scorecard expertise to work at NYSHF, where he and his colleagues are defining measurable targets and investing in data collection. Although this remains a work in progress, they currently track indicators such as changes in insurance reimbursement policies in New York to help them gauge their effectiveness. They also have implemented process indicators for their own grantmaking, which Knickman said help staff members approach their work more logically.



USING DATA TO TIGHTEN STRATEGIC FOCUS AT WALLACE

"If you want to try to be focused on a strategy, it will be difficult for you if you don't have ways to evaluate what you are doing. You won't have ways to self-correct, and you won't be able to assess whether you are getting there," Pauly said. Like RWJF, the Wallace Foundation also uses a scorecard – enabling it to combine crucial performance data with measures that relate specifically to the Foundation's goals within three areas: strengthening public school leadership, building effective citywide after-school systems, and expanding participation in the arts.

Wallace uses the scorecard process to help it focus on fewer, but more informative, indicators. Rather than looking only at how grantees are doing against their grant agreements, the Foundation now has two or three major indicators for each program's core issues. For example, in the Foundation's after-school focus area, foundation leaders went from looking at 12 pages of data to just two indicators – student enrollment in the programs they fund and sustained attendance in those programs.

One initial roadblock, Pauly noted, was that many of the cities in which Wallace was funding lacked the systems to track the data needed for these progress measures. As the cities planned their grant-funded work, they put the implementation of a reliable management information system for children's attendance at the top of their priority list, and the Foundation agreed to support this effort.

In the beginning, it took significant effort on the part of the grantees and the Foundation; Pauly estimates that the time needed to collect data for their indicators has decreased by 80 percent. "The single best source of these indicators is grantees. Once the money has been awarded and the planning has been done, we know what they each see as their highest priorities. It's very illuminating and tells us about the key things to watch," he said.

At Wallace, assessing performance in this way requires a new level of candor among the staff, the board, and the CEO. According to Pauly, the Foundation has adopted an attitude that "facts are friendly even if they aren't painting a rosy picture of the Foundation's work." Such facts, he said, "give people a common basis for having tough conversations and keep us moving forward on foundation-level goals."

Twersky concluded that while scorecards may not be for everyone, finding a way to measure progress is crucial. "There isn't a cookie-cutter approach to creating a scorecard, and not everyone has to develop one. Sometimes, you want to throw out seeds and see how they grow. But if you are really trying to produce yield, then you really want to measure your efficacy," she said.

"If you want to try to be focused on a strategy, it will be difficult for you if you don't have ways to evaluate what you are doing. You won't have ways to self-correct, and you won't be able to assess whether you are getting there."

CREATING CHANGE IN THE BOARDROOM

In an environment where they are more frequently in the public eye, many foundation boards are dedicating themselves to effective governance. According to CEP research, foundation CEOs and trustees perceive the board's role in strategy development and assessment as crucial, with both groups indicating a desire for boards to engage these topics more. And yet, according to CEP Vice President Lisa Jackson, Ph.D., "They might want it. They might desire it. But it's not happening at the rate you might expect, given that desire."

One place where the board is working to increase its involvement in strategy and assessment is the Ontario Trillium Foundation, an agency of the provincial government of Ontario, Canada, that invests government money into large and small, community-based initiatives. With a mission to build healthy and vibrant communities in Ontario by strengthening the capacity of the voluntary sector, the Foundation covers a region that encompasses everything from modern urban centers like Toronto to small, remote arctic communities. The Foundation's 25-person board is appointed by the provincial government and is representative of the communities served.

In 2005, the political appointment process resulted in a largely new board. Wanting to use its time more effectively and strategically, Ontario Trillium's new board initiated a review of its governance practices that included commissioning CEP's Comparative Board Report (CBR). Findings from the report

highlighted two areas deserving more attention: 1) board engagement in strategy, and 2) board group dynamics. According to Ontario Trillium Board Chair Helen Burstyn, it was initially difficult for trustees to look beyond the ratings in these areas — particularly at a time when the group was just beginning to gel. "Board members felt it couldn't be us, but rather the review process that was flawed."

Overcoming its initial disappointment, the Board took action. The first step was to delegate most of the Foundation's 1,500 annual grant approvals to foundation staff and local grant-review committees — freeing board members from reading up to 3,000 pages of grant reports. Now, the Board simply ratifies grants which have already been approved, and their involvement is limited to an analysis of trends across grants and overall issues of accountability. This provides a broader strategic view. "To be more strategic, we could do better than discussing the merits and demerits of 1,500 individual grants. The Board should steer the boat, not row it," Burstyn said.



Lisa R. Jackson, The Center for Effective Philanthropy

Additionally, the Board eliminated three committees and sharpened the focus of those remaining. The Foundation also developed a written framework – or job description – to clarify individual and joint responsibilities of board members.

To further address the issue of strategy, the Foundation engaged consultants from McKinsey & Company (on a pro bono basis) who facilitated board discussions about the Foundation's medium- and long-term strategic direction. As with many governmental organizations, previous planning had been limited to the short-term only. These discussions helped the Board – and, in turn, the staff – take a more long-term view of the Foundation's work.

To address group dynamics, the second issue raised by the CBR, the Board began to vary the setting and context of meetings in an effort to enhance opportunities for influence and dissent among board members. Often gathering in locations outside the Toronto office, the Board frequently invites outside speakers to help spur new thinking or has grantees and other stakeholders present.

According to L. Robin Cardozo, Ontario Trillium's CEO, it can be challenging to meet people who are not always satisfied with their

experience with the Foundation. "Sometimes they'll say, 'We wish you would change this policy,' or 'I wasn't happy with the laborious application process.' Board members get exposed to a range of opinions from our stakeholders," he said.

These changes have not come without a bit of discomfort. According to Burstyn and Cardozo, however, the issue is not a good or bad review, but how the Foundation governs itself. They believe uncovering a few warts to learn some important lessons was worth it. Burstyn advised other boards that are considering such reviews to "go for it with eyes open, go for it with an open mind, and go for it with a plan that fully commits to acting on what you find out."

It is with this mind-set that the Ontario Trillium Foundation Board continues to assess and improve its governance practices. The Board now evaluates itself and the outcomes of each meeting. It also places high priority on orienting and engaging new members. The Board continues to hold strategic reviews, and, as Cardozo and Burstyn agree, each successful change is a step toward the next achievement.

"To be more strategic, we could do better than discussing the merits and demerits of 1,500 individual grants. The Board should steer the boat, not row it."



L. Robin Cardozo, The Ontario Trillium Foundation

RACE IN THE BOARDROOM

The challenge of moving “beyond tokenism” was one of the key issues discussed by panelists and participants in a session that was among the liveliest and most interactive of the conference. Spelman College President Beverly Daniel Tatum, the session moderator, asked participants to join the conversation with a “shared recognition of the persistence of structural racism, of the fact that race still matters, and that there is evidence of this in the legacy of philanthropy.”

“How does our understanding of race and our understanding of the continuing presence of racism in our society intersect with our stated purpose to improve foundation effectiveness?” and “What are the dynamics of race in the boardroom as you have experienced them?” Tatum asked.

Seated informally in a circle, participants shared stories of their experiences, unearthing several themes:

- **Racial diversity adds value.** When boards are inclusive, diversity makes for richer and more productive conversations and creates more democratic institutions.
- **Diversity among people of color is unrecognized.** Too often people of color are recruited to boards to represent “their people” and not for their expertise beyond racial issues. As one participant pointed out, “We can’t be so narrow in thinking about the experiences of people of color. There are a lot of people of color who have skills in

Board diversity is not just nice to have, it is a necessary part of board effectiveness. Foundations must connect their social change missions to the way they structure their organizations.

business, finance, and investment – not just in the programmatic work we do.”

- **Tokenism is unproductive.** CEP’s research reveals the perils of tokenism. Analyzing a survey of 550 trustees from 53 foundations, CEP found that people of color who are members of foundation boards with two or fewer people of color rate the equality of opportunity lower than do whites – or people of color on boards with more diversity.¹ Noted one participant, “We invite one person [of color] at a time and that doesn’t make for a healthy conversation about race because it puts people who are invited in a very peculiar spot.”
- **Change is difficult.** Adding racial diversity to a board requires a commitment from current board members to understand their own values and those of the other members and to change the way they do business. According to one board member, “Often we make grants to organizations that look like us [white] to serve people of color, thereby not building the capacity to have people [of color] take those roles We have a great responsibility to make sure that grants are going to those people that we say we care about.”

¹ See CEP’s report *Beyond Compliance: The Trustee Viewpoint on Effective Foundation Governance* for more information on these findings.

The group concluded that board diversity is not just nice to have, it is a necessary part of board effectiveness, and that foundations must connect their social change missions to the way they structure their organizations. One board member commented, “There has been social exclusion of people of color from virtually every aspect of life in this society, historically and currently. For foundations and their boards – where social justice is part of our mission and work – to be more effective, we have to match our mission to expansion of opportunities for people of color [to sit on these boards].”



EIGHT SUGGESTIONS FOR DIVERSIFYING FOUNDATION BOARDS

“Race in the Boardroom” participants generated a list of activities and approaches for creating a more diverse board:

1. **Use neutral, outside parties** to facilitate the diversification process. Neutral outsiders can help foundations recruit people of color and audit the diversification process.
2. **Recruit for skills, not just representation.** Give people of color meaningful roles on the board beyond “just showing up” by taking advantage of the skills they bring to the job.
3. **Spend more time on governance in general.** As one participant said, “I don’t think most foundation boards spend enough time dealing with issues of governance. There should be more intentionality.”
4. **Time this effort carefully.** Be sure that everyone is ready and understands the value of racial diversity.
5. **Encourage open dialogue.** Once a board is ready to transition, delve deeply into how diversity affects the structure of the foundation and the fears and opportunities related to it. Several participants suggested using the Annie E. Casey Foundation’s “Race Matters Toolkit,” available on its Web site.
6. **Stay the course.** “Trust your own instincts to move the agenda. There is a lot of danger, but if you’re not willing to let go of first base, you’re not gonna get to second base,” advised one participant.
7. **Designate a diversity champion.** Rely on that inside champion, preferably the board chair, to move the process forward.
8. **Educate boards and young people of color.** Boards choose people who are like themselves and need more resources to raise consciousness about diversity. Boards should also strive to raise awareness about philanthropy among young people of color, both as future donors and philanthropy practitioners.

TURNAROUND IN PHILADELPHIA

Sometimes a bad review can become a powerful opportunity for positive change. Such was the case for the Philadelphia Foundation, a community foundation with an asset base in excess of \$325 million that serves southeastern Pennsylvania.

The Foundation undertook its first Grantee Perception Report (GPR) in the spring of 2005. The results revealed an organization that was — according to grantees at least — far from the top of its game. In fact, when compared with other foundations whose grantees CEP has surveyed, including a set of comparable community foundations, the Philadelphia Foundation fell below its peers on most dimensions.

One year later, Nancy Burd became the Foundation's new vice president for grantmaking services. Since her arrival, Burd, working with the Foundation's president, R. Andrew Swinney, has been a powerful driver of strategic change.



Nancy Burd, The Philadelphia Foundation

In a pre-conference session for users of CEP assessment tools, CEP's President Phil Buchanan sat down with Burd to discuss the changes launched in response to the Foundation's GPR results. The following is an edited excerpt of their conversation.

PB: Tell us when you first saw the Grantee Perception Report.

NB: It was part of the interview process. They gave the GPR results to finalists for the job and asked them to comment — what would they do? It was an opportunity but also a risk. Among its grantees, the Foundation didn't have a great reputation. It was going through a difficult time. The fact that they wanted input was great — it made me think it might be a place that was ready for change.

PB: What did the GPR say?

NB: The Foundation was rated low on accessibility, interaction, and on partnering with the sector.

Partnerships with grantees, for example, barely existed. And because the staff was small and operated on a twice-per-year competitive process — performing desk review on more than 1,300 applications — they had no time to go out and talk to anyone. The Foundation communicated primarily in writing and on its Web site. The application process was onerous, and most grants were very small. I experienced the process firsthand as a grantee of the Philadelphia Foundation [as executive director of the Philadelphia Nonprofit Finance Fund (NFF)], and I often said that the \$10,000 I received from the Foundation, though important, took much longer and was more difficult to get than the many hundreds of thousands of dollars I raised from other local foundations.

"The crowd even 'hooted' when we declared that general operating grants were meant to be used as 'cash' for anything mission related, including capital investments and endowment."

PB: How did you start improving your relationships with grantees?

NB: We made some very immediate and relatively easy changes that were "customer facing." For example, we reached out to the community by going out to the regions we serve and hosting public meetings, inviting every nonprofit organization, many of which we had never funded. For 10 weeks we met with over 100 nonprofits to talk about our new strategy and process changes, which included instituting: a rolling application process with no deadlines; an online short letter of intent applications with a two-week decision turnaround; and a partnership relationship with program officers.

PB: What was the change process like? How did you get from A to B in implementing this change?

NB: We spent a good part of 2006 exploring the needs of nonprofits in our region, where the gaps in funding lay, and what we could do that would have the greatest impact to them and benefit the sector as a whole. The need for capacity-building funding and general operating support rose to the top. This felt right to me given my decade-plus experience at NFF lending to nonprofits. This type of grantmaking was immediately well-received by our constituents.

We now direct our grantmaking to capacity building, leadership development, and civic engagement, focusing on issues that are the most pressing facing our nonprofit community and the region. The change will establish the Foundation as a dedicated funding source for initiatives such as strategic planning, organizational restructuring, and financial assessment, which nonprofits often cannot

afford. It is exactly this type of funding that will help [nonprofits in the region] not only do their work better but do it on a larger scale.

Given our change in direction (from programmatic funding), it was critical to support this work with staff who had deep capacity-building experience, who had worked in the field and were able to provide solid consulting advice. We also spent a lot of time helping our Board of Managers understand the need to make these types of grants, given the managing challenges that so many nonprofits face today. The idea of funding capacity building was met initially with some apprehension: The board was worried that small organizations might be left behind. But when we made our case that small organizations have a distinct role in service delivery and they needed infrastructure support, we were able to use the business argument, and they began to see the logic. They are still apprehensive but are now more knowledgeable.

We will measure our progress and success through evaluation that not only assesses how effective our grants are but also how we measure up to our goals of being customer friendly, efficient, quick, clear, transparent, and accessible. While we may not be able to fund everyone, no organization will leave empty-handed. They will get advice, a referral, a peer, or just a sympathetic ear.

PB: So you and Andrew launched this change campaign. What kind of information did you marshal? Did you present data?

We did. Plus, we ran focus groups with our grantees. These were not just about perception but also about substance: about grantmaking and strategy. If we only changed our attitude that would have been fine, but shortsighted.

We wanted to do good grantmaking and be of value to our constituency. We asked board members to listen to the nonprofits with us and to understand what the sector was saying.

On November 1, 2006, after six months of planning, we rolled out the strategy to 500 grantees and explained how we would work with them in the future. We garnered the most applause for instituting a rolling application, a quick turnaround, and for a general operating-grant approach that had no strings attached. General operating support would be totally unrestricted for organizations that were successful in the application process. The crowd even “hooted” when we declared that general operating grants were meant to be used as “cash” for anything mission related, including capital investments and endowment. The Board saw the grantees’ response and realized that this was the right place to be.

PB: How do you know this strategy will create impact?

NB: Obviously, time will tell. We are measuring our short-term outcomes as we go using a “dashboard” document that measures key indicators for us. There are two ways to get money from our foundation: for operational support or to increase organizational effec-

tiveness through capacity building. We take a more comprehensive look at those applying for operating support by evaluating four key indicators: leadership, adaptability, management, and operations. We weigh the first two greater than the latter two because of the research support given, and we look carefully at their financial position. Our goal is to build a highly effective and performing sector and will award grants to organizations that are examples of this. Should we determine they don’t fit, we will direct them to our Organizational Effectiveness Fund so they can be well on the way toward high performance.

The nonprofits applying for capacity-building money will develop a work plan with our staff and focus on areas of their business that need work. The impact of these dollars will be measured both short term and long term by our evaluators.

We will also be looking for improvement in our relative position to other foundations on our next GPR. We want to do better, and we want to be valued. We now have in-house capacity to do that. The pieces are in place and our process is sound – though it may need tweaking. Our position should change dramatically if this works.



WHAT GRANTEES WANT: THE ROLE OF GENERAL OPERATING SUPPORT

Heidi Frederick, assistant director of research, The Center on Philanthropy at Indiana University; Judy Huang, associate director, CEP; and Carol Silverman, research director, Institute for Nonprofit Organization Management, University of San Francisco presented their respective findings for Aspen Institute funded research on providing general operating support to grantees. Aspen’s Director of the Non-profit Sector and Philanthropy Program, Alan Abramson, moderated the session.



INFLUENCING PUBLIC POLICY

Foundations are increasingly seeking to influence public policy in order to achieve their goals. At a session moderated by Blueprint R&D's Lucy Bernholz, Ronald Gallo and Teri Kook of the Rhode Island and Stuart Foundations, respectively, described how their foundations have approached this challenge.

THE RHODE ISLAND FOUNDATION

As a community foundation, The Rhode Island Foundation's work is entwined with issues affecting the state. "That's what got us thinking ten years ago about public policy," said Ronald Gallo, CEO and president. "As Rhode Island's only community foundation, we were building considerable assets and feeling an increased responsibility to get involved in big issues. So we asked ourselves, 'What was all we could do?'"

The Foundation made its initial foray into public policy when it worked to increase the number of Rhode Island's children covered by health insurance. "We noticed that only 43 percent of children in the state had health insurance and health care," Gallo explained. By forging coalitions, identifying issues, and modeling programs, the Foundation helped change regulations so that within six years, that number rose to 98 percent. "That experience convinced us that grantmaking wasn't enough," he said. "Philanthropy should take its rightful place among government and business to move things. We have considerable assets and a point of view. Why should we be any different from others with assets and a point of view?" Gallo said.

That success inspired the Foundation's work to create more affordable housing. While it had been building the strength of community development corporations and leveraging millions of dollars to advance the issue for a decade, foundation leaders realized they could do more. Noting that barriers in state regulations made it difficult to build affordable housing and that many cities and towns lacked plans to build it, the Foundation identified two major gaps: a lack of awareness among citizens and a lack of a broad coalition around the issue.

In response, the Foundation created a public agenda through its research and by launching a communications effort that included informing residents that the state was 13,000 homes behind in terms of affordable housing. The effort culminated with the Foundation sponsoring a ballot referendum requesting a \$50 million bond for affordable housing. "That put us in the political process," Gallo said. "It was the only way to move the indicator, and we ran a full political campaign



Ronald Gallo, The Rhode Island Foundation; Terri Kook, The Stuart Foundation

for the referendum. When November came, around 66 percent of the population voted for it. We didn't lose in any community. It transformed the position of philanthropy in the mix of how things get done," he asserted.

THE STUART FOUNDATION

While the Rhode Island Foundation has influenced public policy through the electoral process, the Stuart Foundation focuses its work on supporting new and existing legislation that improves conditions for children and youth in the child welfare system. The Foundation has created strategic objectives that support the mandated work of child welfare practitioners. "Our objectives in our child welfare program are aligned with the outcomes mandated at the federal and state levels in California and Washington," said Teri Kook, the Foundation's senior program officer.

Stuart's objectives to create safety, permanence, and well-being for children are essential components of what Kook characterizes as "the three-legged stool" supporting child welfare. The Foundation focuses its work on supporting those objectives with initiatives

that encompass engagement in regulatory and legislative changes; engagement with implementers; aligned and leveraged investment; public education; measurable outcomes and accountability; and stretch goals.

According to Kook, attacking thorny child welfare issues from a variety of vantage points is more likely to garner success. "The [child welfare] system is pretty broken," she noted. "There are so many urgent needs for us that it is important we don't put all of our eggs in one basket. That is why we push on multiple fronts. We are able to make impact through regulatory change. And by having interpretations of state regulations reconsidered, we can move major issues without having to introduce new legislation."

For example, while working within state regulations to create permanence for foster children, the Foundation was able to persuade California officials to allow foster families who wish to continue providing support to a child even after he or she has aged out of foster care to use a newly enacted program that provides housing stipends. "State regulations said you could pay anyone but the people who love them," Kook said. "We pointed out that the

"By creating irresistible data, we can assist decision makers at the local and state level to make better decisions."





state values of “permanence” did not match its practices. They agreed and reinterpreted the regulations in a manner that supported the launch of a host family model of transitional housing for former foster youth.”

While there are many strong advocates working to improve child welfare outcomes, the Stuart Foundation strives to remain neutral. “Our role is to highlight issues advocates are raising and illuminate policies and practices that work,” Kook said. One way the Foundation supports improved outcomes is through its investment in data infrastructure. “By creating irresistible data, we can assist decision makers at the local and state level to make better decisions,” she said.

For example, the Foundation has paid for a number of improvements to a state-financed longitudinal database that is available to anyone who wants to view measures for their county. “These are federal and state outcomes that each jurisdiction is accountable for,”

Kook explained. For instance, there are measures of how quickly children are either reunified with parents or placed with an adoptive family. There are also measures that show whether a child experiences any additional abuse or neglect after receiving child welfare services. “Making all of this data public (through a Stuart-supported Web site) and very specific to each county creates an incredible system of accountability,” she said.

Gallo and Kook agreed that encouraging citizen participation and building citizens’ capacity to be civically engaged is a key component of their public policy work. “We couldn’t do our work around the needs of foster youth without young peoples’ participation and willingness to share their stories,” Kook said.

“We strongly support community organizing and grassroots leadership development,” Gallo added. “We fund any group on any issue trying to raise the voices of those with less power,” he said.

FOSTERING PROGRAM OFFICER SUCCESS

Program officers are central to successful foundation-grantee relationships. Yet program officer performance can vary within a single foundation: Two grantees of the same foundation may have strikingly different experiences. In fact, new CEP research confirms that on many dimensions, grantees' experiences with the same foundation differ dramatically because of differences in program officers.

Presenting the analysis of program officer-grantee interactions that was featured in the spring 2007 issue of the *Stanford Social Innovation Review*, CEP Vice President Kevin Bolduc said, "CEP research shows that grantees perceive the personalities, interpersonal styles, and expertise of program officers to be responsible for a large part of the credit – or blame – for the success of a foundation. For many aspects of the grantmaking relationship, the person you get your grant from can be more important than the foundation you get your grant from."

Yet many foundations do little to gather external perspectives on program officer performance, said Bolduc. As a result, many foundations "do not know who are their stars and who are their laggards," and opportunities to give program officers meaningful feedback are missed.

New CEP research reveals that on many dimensions, grantees' experiences with the same foundation differ dramatically because of differences in program officers.

Joining Bolduc was session moderator Stephanie McAuliffe, director of human resources and organizational effectiveness and directed grantmaking at the David and Lucile Packard Foundation, and Jan Jaffe, project leader at GrantCraft.

McAuliffe launched a roundtable discussion of participants' experience receiving feedback. "Describe a time you got some feedback. Was it helpful or not? What was the context?" she asked the group. The discussion highlighted program officers' need for useful feedback and the difficulties of requesting and receiving feedback.

According to Jaffe, many dynamics affect a program officer's role. "Program officers are often hired for their expertise but then are judged for their craft – of communicating and interacting with their grantees," she explained.



Stephanie McAuliffe, The David and Lucile Packard Foundation



Because grantmakers' responsibilities are often unclear to grantees, program officers must compensate with superior communication skills. "Program officers are conveners, strategists, communicators. Most difficult is the part of the position that is never in the job description – the role of selection and having to deny many personally appealing proposals," said Jaffe, who asserted that program officers who perform poorly aren't necessarily "bad seeds." Instead, she said, poor performers may signal a lack of connection between the organization and its culture and between expectations and understanding of those expectations.

Session participants explored the mechanisms for improving program officer performance. "One simple thing a foundation can do is to

set clear expectations," suggested McAuliffe, who described techniques she gives program officers at Packard to enhance their performance. These included returning calls and emails in a timely manner, creating realistic timelines for proposal feedback, and setting clear guidelines and expectations for grantees.

The group concluded that foundation leaders can deepen their program officers' job performance by providing learning tools and creating a shared understanding of roles. "The important message here," said Bolduc, "is that program officers are critical and that they need clear support and training to help foundations create impact."

To learn more about this issue, see "Luck of the Draw," *Stanford Social Innovation Review*, Volume 5, Number 2, Spring 2007.

FROM DATA TO INSIGHT:

Using CEP's Assessment Tools to Create Change

Foundation leaders have few resources to help them assess – and improve – their foundation's performance, said CEP President and session moderator Phil Buchanan.

"There is no perfect measure and no one data source has all the answers, but our goal is to develop assessment tools that allow foundations to increase their understanding of how they are doing in key areas that relate to the achievement of their impact goals."

Leaders at both the Rockefeller Brothers Fund (RBF), a globally and nationally focused family foundation, and Blandin Foundation, a state-wide, community-based private foundation, described how they are using CEP's assessment tools to take stock of strengths and weaknesses and chart paths for improvement.

ROCKEFELLER BROTHERS FUND

"We were trying to do too many things, in too many parts of the world, and with too few resources to achieve the deep impact that the Board and staff aspired to have," said RBF President Stephen Heintz, whose foundation has approximately \$925 million in assets and makes grants in the areas of democratic practice, sustainable development, peace and security, and human advancement. With a goal to become a "center of philanthropic excellence," the RBF underwent a number of foundation-wide assessments, including CEP's Grantee Perception Report (GPR), Applicant Perception Report (APR), Comparative Board Report (CBR), and Staff Perception Report (SPR). "We embarked on a process – a comprehensive institutional transformation – so that we could go deeper, achieve real impact, and be more careful and rigorous in assessing that impact," Heintz said.

Results from the assessments were affirming – but they also illuminated areas needing improvement. "We got a lot of good feedback. But we also found some things that were surprising and even disappointing," Heintz said. For example, grantees gave the Foundation low ratings on the clarity of its communications about goals and strategies. In addition, the GPR revealed room for improvement in the Foundation's responsiveness to its grantees and indicated that its grantees wanted more non-monetary assistance.

To address those issues, the RBF hired a communications director, redesigned its Web site, and revamped its program guidelines. The Foundation also began tracking the time elapsed between grantee inquiries and program officer responses and has established an online pre-screening process to save grantees' and program officers' time. To address grantees' desire for more non-monetary assistance, the RBF has increased its capacity building programs.

While CBR results were encouraging, they too led to a number of changes. For example, board meetings and board books were redesigned to focus on larger, more strategic issues. To address trustees' desire to better understand the work of grantees, the Foundation scheduled more frequent site visits, giving trustees a bird's eye view of grantees' work.

The SPR revealed that the RBF's staff members perceived the Foundation's internal culture to be too "bureaucratic," and that administrative and support staff felt less aligned with the goals of the CEO compared to other staff at the Foundation. In response, leadership instituted an auditing process to find ways to reduce the level of bureaucracy at

the Foundation. To help administrative and support staff feel more aligned and connected, Heintz began meeting with them on a regular basis.

Heintz noted that while obtaining assessment data is crucial to making improvements, it is only a starting point. “All of this work, while extremely necessary and useful, doesn’t get us to where we want to be. We can learn how to do our work better, but how do we know if we are really accomplishing the impact that we want to have to create a safer and better world against really profound challenges? The survey instruments and perceptual data can help us get there because they raise questions, and can shift the emphasis to the strategic question,” he concluded.

“We embarked on a process — a comprehensive institutional transformation — so that we could go deeper and achieve real impact and be more careful and rigorous in assessing that impact.”

BLANDIN FOUNDATION

With \$430 million in assets, the Blandin Foundation focuses on the economic viability of rural Minnesota communities, offering leadership development and public policy programs, and providing grants to support community-generated economic strategies. Like the RBF, Blandin also used data to create organizational change. Driven by increased public scrutiny and a resulting need for a greater emphasis on assessment and impact, the Foundation launched an evaluation effort that included, among other things, the CBR, the GPR, and the SPR. “Our board and staff put together an evaluation matrix — an internal document that lists all of our different evaluations including CEO assessments, staff surveys, both employee and grantee evaluations, outcome measures, process measures, and employee performance measures. Of these, three tools came from CEP,” Blandin President Jim Hoolihan explained.



The CBR revealed a “great passion and uniform understanding of the mission of the Foundation,” Hoolihan noted. However, he said, “Board members wanted more involvement in strategy and less on grantmaking.” In response, the Foundation began devoting a portion of each board meeting to discussions of strategy and evaluation processes.

Blandin’s GPR revealed that the Foundation needed to improve its communications on several fronts. According to Hoolihan, “We heard that we were not doing a good job of communications – not just of our goals and strategies, but communicating our aspirations and our sentiment. We got feedback on our tone at the Foundation. We heard that we could be arrogant. We heard that we weren’t very welcoming. We heard that we could be confusing. Some grantees found the grant selection process ‘cumbersome.’”

In response to these findings, the Foundation increased its communications with grantees. A thank-you letter was written to each grantee, describing the changes that would be made as

a result of their feedback. With an “emphasis on hospitality,” the Foundation held a networking reception for grantees. It also began implementing more streamlined grant request forms and now provides grantees with training sessions several times a year. These include training on topics such as technology, audit compliance, and administrative best practices.

While the SPR yielded high ratings from staff, Foundation leadership saw room to further enhance the internal culture. To that end, they set up weekly meetings and fun sessions to promote interaction and engagement among staff members.

In summing up his approach to assessment, Hoolihan said, “First care and then cure. Our approach was not to list all our problems and cure them with an action plan. We first needed to renew our care for our grantees, communities, and each other. In context, the surveys helped on the ‘to do’ part and the cure part.”



Stephen B. Heintz, The Rockefeller Brothers Fund; James Hoolihan, The Blandin Foundation

The CBR revealed a “great passion and uniform understanding of the mission of the Foundation.” However, “Board members wanted more involvement in strategy and less on grantmaking.”

CEP'S ASSESSMENT TOOLS

More than 150 foundations have adopted CEP's assessment tools. Each of these foundations has received comparative data and insights – grounded in research about foundation performance – enabling them to make changes and improve their performance.

The **Grantee Perception Report (GPR)** provides comparative data on grantee perceptions of foundation performance on a variety of dimensions. The GPR is based on a comprehensive survey of grantees covering issues such as interactions during the grant, the application and reporting processes, and perceived foundation impact. The **Applicant Perception Report (APR)** is a companion to the GPR and provides comparative data from surveys of declined grant applicants.

The **Comparative Board Report (CBR)** is the only board self-assessment tool that includes comparative data gathered through large-scale research on foundation boards. The CBR provides a basis for boards to assess their functioning in a number of areas, from board dynamics to the capabilities and expertise of board members.

The **Staff Perception Report (SPR)** explores foundation staff members' perceptions of foundation effectiveness and job satisfaction on a comparative basis. The SPR is based on a survey specific to foundations that includes questions related to staff members' impressions of foundation impact, alignment in pursuit of key goals, and opportunities for foundation improvement.

The **Operational Benchmarking Report (OBR)** provides comparative data, relative to a selected peer group of foundations, on aspects of foundation operations – including foundation staffing, program officer workload, grant characteristics, and administrative costs.

The **Multidimensional Assessment Process (MAP)** provides foundations with an integrated assessment of performance based on comparative data collected from a variety of different sources, including grantees, declined applicants, foundation staff, and foundation board members. The MAP assimilates results and data from all of CEP's assessment tools into key findings, implications, and recommended action steps for improved foundation performance.

For more information, please contact Kevin Bolduc, Vice President – Assessment Tools, at (617)492-0800 ext. 202 or kevinb@effectivephilanthropy.org.

THE LEADERSHIP CHALLENGE

In the closing session of the conference, Rosabeth Moss Kanter, the Ernest L. Arbuckle Professor at Harvard Business School, told participants, “Leadership for change is leadership for high performance. Because in the world we live in – which is a world of change – the only way you get high performance is by being able to master change.” She added that all organizations – including foundations – must grapple with change if they are to keep up with the world around them.

Kanter asserted that foundations’ external impact is connected to having effective internal practices. “Changing the organization internally often requires using the same principles that you use to be effective externally,” she said, noting that very few organizations that enjoy external success are a “mess” internally.

With that in mind, Kanter suggested seven key skills necessary for leading change.

1. **Manage by facts.** “Without the facts, without the data, it is almost impossible for organizations to be effective,” she said, citing the Iraq war as an example of what can happen when data is ignored or suppressed.
2. **Use “kaleidoscope” thinking.** Mimic a kaleidoscope’s ability to arrange and rearrange the same fragments into an infinite number of patterns. “Leadership for change starts with getting people to see new things and new ways of doing things,” she said, adding that innovation results from setting themes and destinations without creating a specific plan. “Think of it as improvisational theater rather than traditional theatre,” she suggested.



Rosabeth Moss Kanter, Harvard Business School

3. **Communicate a compelling vision.**

People need to be inspired and uplifted, but they also need to understand how they will reach their goal. “A vision can’t be simply a grand statement of possibility. A vision also must include a theory about why the steps we are taking now will get us to the Promised Land,” she asserted.

4. **Build coalitions.** “Every successful change master was not successful because they did it by themselves, but because they got other people’s buy-in,” she noted. Suggesting that foundations convene with others more often, Kanter said that the best way to obtain staff buy-in for foundation change is to have them meet with grantees and other stakeholders to learn what the change could do for them.

5. Foster collaboration and teamwork.

Collaboration and teamwork require a collective definition of success that everyone works toward, regardless of their job function. “It doesn’t mean that everybody has to sit in the same room making exactly the same decision. It does mean people know how to support each other in order to multiply their impact,” she said, suggesting that innovation is enhanced when people collaborate across areas, work on cross-functional teams, and, most important, have leaders who demand that they do so.

6. Persevere. When you hit a barrier, all the other skills — using data, kaleidoscope thinking, communicating a compelling vision, coalition building, and teamwork — will serve you well. “The definition of success is how long you give it before you give up,” she said, citing Nelson Mandela as the epitome of perseverance.

7. Celebrate success. “Make everyone a hero. Success results from the hard work of a lot of people,” she reminded the audience.

UNDERSTANDING FOUNDATION IMPACT: THE ACADEMIC PERSPECTIVE

“Is there a link between strategy and effectiveness?” This question sparked a lively debate between session participants and panelists Peter Frumkin, Professor of Public Affairs and Director, RGK Center for Philanthropy and Community Service, University of Texas at Austin; Peter Dobkin Hall, Hauser Lecturer on Nonprofit Organizations at Harvard’s John F. Kennedy School of Government; and James Allen Smith, Waldemar A. Nielsen Chair in Philanthropy, Georgetown Public Policy Institute. Susan Bell, Vice President, The William and Flora Hewlett Foundation moderated the session.



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